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DECLARATION ON "STATISTICS FOR SOCIAL PROGRESS" FOR THE SOCIAL SUMMIT

Prepared by the Bureau of the Conference of European Statisticians

INTRODUCTION

1. Statistics are the eyes and ears of policies, the non-partisan and science-based input into the eclectic process of decision-making, the lifeblood of a vigilant democracy. They provide the factual foundation on the basis of which public opinion can crystallize along the lines of possible alternative routes for development.

2. The Conference of European Statisticians addresses the World Social Summit in order to ask greater attention from policy makers and the public to the vast and largely unexplored potential role of statistics in this field, and at the same time offer its commitment and expertise for participation in the renewed efforts of national and international communities to enhance policy action for social progress.

THE HISTORICAL RECORD

3. The past fifty years have witnessed a marked expansion in the contribution of statistics to social and economic policies.

4. To varying degrees and with the help of international organisations, many countries have well-developed national accounts, population censuses and agricultural censuses, income and expenditure household surveys and labour force surveys.

5. These sources have proved useful. The population census (or census-like data derived from population registers) has, over the decades, proved a great asset in physical planning, in social policy-making and in debates concerning population policies. For example, it has been used to derive indicators for small areas for the purpose of resource allocation to depressed urban and industrial areas.

6. Household income and expenditure surveys have been exploited to measure poverty, to assist in assessing the effectiveness of the social protection system and to simulate the revenue and redistributive implications of fiscal proposals.

7. Labour force surveys have been indispensable for manpower planning, for developing labour market policies and for the formulation of social policies concerning the unemployed. To a lesser extent, there have also been panels or longitudinal studies, either through administrative records or through household surveys, for the purpose of investigating dynamics, processes and transitions, and to shed light on those factors that appear to be associated with specific favourable or unfavourable outcomes. Data sources derived from administrative systems of governments have been useful in a wide variety of fields including social protection, health, education and crime.

8. However, these developments generally have not kept pace with the need for relevant, timely, reliable and comparable statistics for policy formulation and monitoring. Governments have often to navigate in the dark based on ideological dogma. Moreover, within the broad body of statistics, social statistics have tended to lag behind their economic counterpart. The best guess of the number of homeless in the European Community is between 3 and 6 million persons in an age when the number of whales in the oceans have been precisely estimated and is closely monitored.

9. The preoccupation of governments with the economy has given a big boost to the development of economic statistics. Essential for sound economic management, they have received more attention and are more advanced than social statistics in most parts of the world. Indeed, sometimes social statistics tend to be seen as subservient to economic indicators.

10. But the experience is that GDP cannot be the only basis for designing social policy instruments. Even economic goals cannot be pursued using solely economic instruments since economic problems often have their roots in wider social perceptions, people's attitudes and social psychology.

11. Even those social statistics that have become established can encounter difficulties in surviving. In many countries social statistics have sometimes suffered from cuts in social expenditures. Yet, the optimal allocation of scarce resources requires more information, not less, as a basis for assessing the relative merits of competing priorities. Moreover, the cost of social statistics, indeed all statistics, is minuscule compared with the cost, in terms of money and human suffering and welfare, of policy mistakes in the absence of hard information.

THE CHALLENGES AHEAD

12. The political and social contexts have altered drastically in Europe and, indeed, world-wide. What was formally Eastern Europe is undergoing a structural transition. The Maastricht Treaty will present countries of the EU with great opportunities and challenges. On a wider plane, there are the inexorable processes of globalisation and increasing international exchanges. In many areas of the planet, uncertainty, fear and insecurity bring about an erosion of solidarity and collective identity. These radical changes are having far-reaching consequences, touching every corner of people's lives. Against this background, social statistics would lose touch with reality unless a new strategy is developed.

13. Economic and social realities are becoming increasingly integrated. It is widely recognized that economic performance is strongly affected by policies in the areas of education, health, design of social safety nets, and probably several others. Yet, much of this understanding is unquantified and heuristic - hence does not support the depth of understanding essential for the sound design and careful monitoring of policies.

14. Furthermore, most developed countries are struggling with deficit problems and are engaged in major policy reviews of social expenditures - typically the largest component of most governments' budgets. In developing countries and countries in transition, the struggle involves structural economic adjustment with a human face and the recognition that social spending constitutes an important investment in human capital.

15. Yet, it is a paradox of fundamental consequence to public policy, that while far-reaching efforts are underway to design or redesign social programmes, our collective empirical understanding in this area is at an elementary level. Few countries can claim to know what they are buying for their expenditures on education; what outcomes are we expecting our education systems to deliver; what "levers" are available to governments to improve these outcomes; what are the most cost-effective "levelers"? All these questions could be repeated in connection with health policies and programmes, and they apply equally to the design of effective social safety nets.

16. With or without empirical support and understanding, budgetary and social pressures are forcing governments to undertake far-reaching social policy design changes. It is our deep belief that a better understanding would lead to quantum improvements in social policy and programme design. Such an understanding, if it is to be useful, must be based on quantitative information. Given the low level of development of social statistics in most countries, the rate of marginal return is likely to be very high indeed: a tiny fraction of program costs invested in the development of policy relevant social statistics will yield a huge improvement in our collective understandings and insights.

17. These themes are developed further in the Annex.

CONCLUSIONS

18. Statistics should explicitly try to achieve **two objectives of maximum public policy interest:**

1. To monitor the achievement of outcomes of social policies and programmes (e.g. changes in unemployment levels, income distributions, population health); and

2. To identify those factors that appear to be associated with specific (desirable or undesirable) outcomes and which lend themselves to intervention through social policies and programmes.

19. The task involves the development of policy relevant conceptual frameworks and corresponding measurement systems. This task is intellectually most challenging. A real collective partnership is therefore required among official statisticians, policy makers, public administrators working at various levels of government (including international and supranational) and external academic and research institutions.

20. The Conference of European Statisticians invites national and international organizations to pay priority attention to the achievement of these goals, and urges national governments to provide to the national statistical offices, on a evolutionary basis, the resources required to do so.

ANNEX

The interface between economic policy and social policy

This policy interface requires articulation between economic and social statistics in three specific areas:

(a) The social implications of economic policies

(b) The social prerequisites to economic growth

(c) The economic consequences of, and constraints to, social policies.

The social implications of economic policies

Examples of specific themes in this category would be concerned with assessments of:

(a) The effects of social policy reform (health, education, welfare benefits, personal social services) on living standards, particularly the living standards of vulnerable groups in society.

(b) The effects of fiscal policy on the distribution of income and unemployment, particularly shifts from income tax to indirect taxation and to employers' social security contributions.

(c) The effects of liberalisation and deregulation policies, specifically the impact of privatisation on consumers welfare, the effectiveness of enlarging private contributions to retirement as a substitute for social protection, the consequences of labour market reform on unemployment, low pay and poverty, and the effects of deregulation of the housing market on homelessness.

The social prerequisites to economic growth

In this category would fall, for example:

(a) Assessments of the individual, economic and social benefits of human capital investments (health, education and training of all kinds, treated, as already mentioned, broadly as consumption in the SNA).

(b) Evaluation of the relative merits of alternative welfare and social services delivery systems, with a view to identifying best practices.

The economic consequences of, and constraints to, social policy

Statistics light is required on, for example:

(a) The effects of given levels of welfare benefits on incentives to work, save and invest; and ultimately on GDP.

(b) The disincentive effects of given levels of marginal income tax rates.